

NOx Budget Program

2004 Recap

Chris Nelson

CT DEP

chris.nelson@po.state.ct.us

(860) 424-3454

June 8, 2005

2004 NBP Highlights

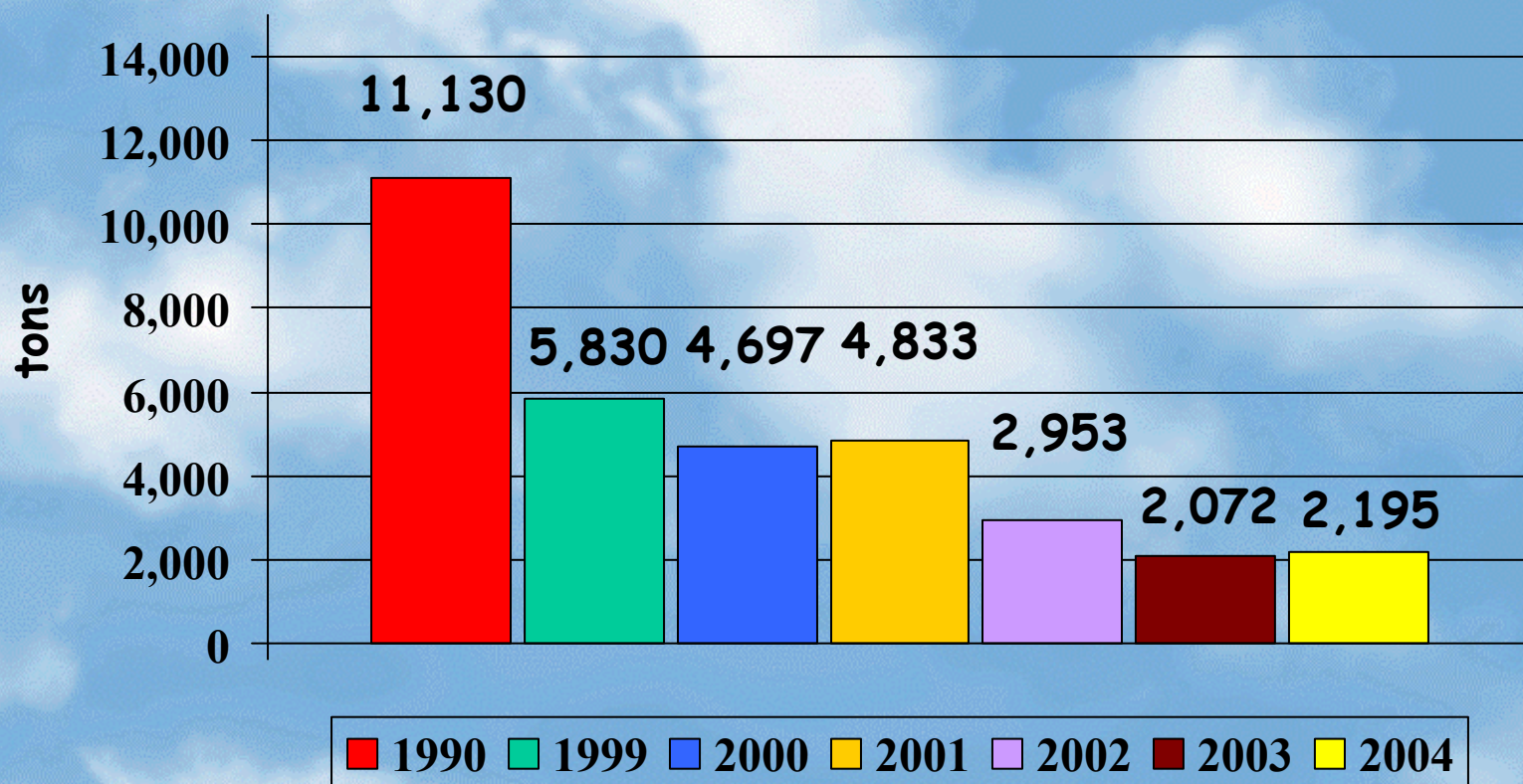
¥ In the trading region, ozone season NOx emissions (468,891 tons) were below the NBP target (509,142 tons), BUT...

¥ The non-OTR states joining the program in 2004 were only accountable for 4 months of emissions and they also received an extra 139,737 CSP allowances to distribute.

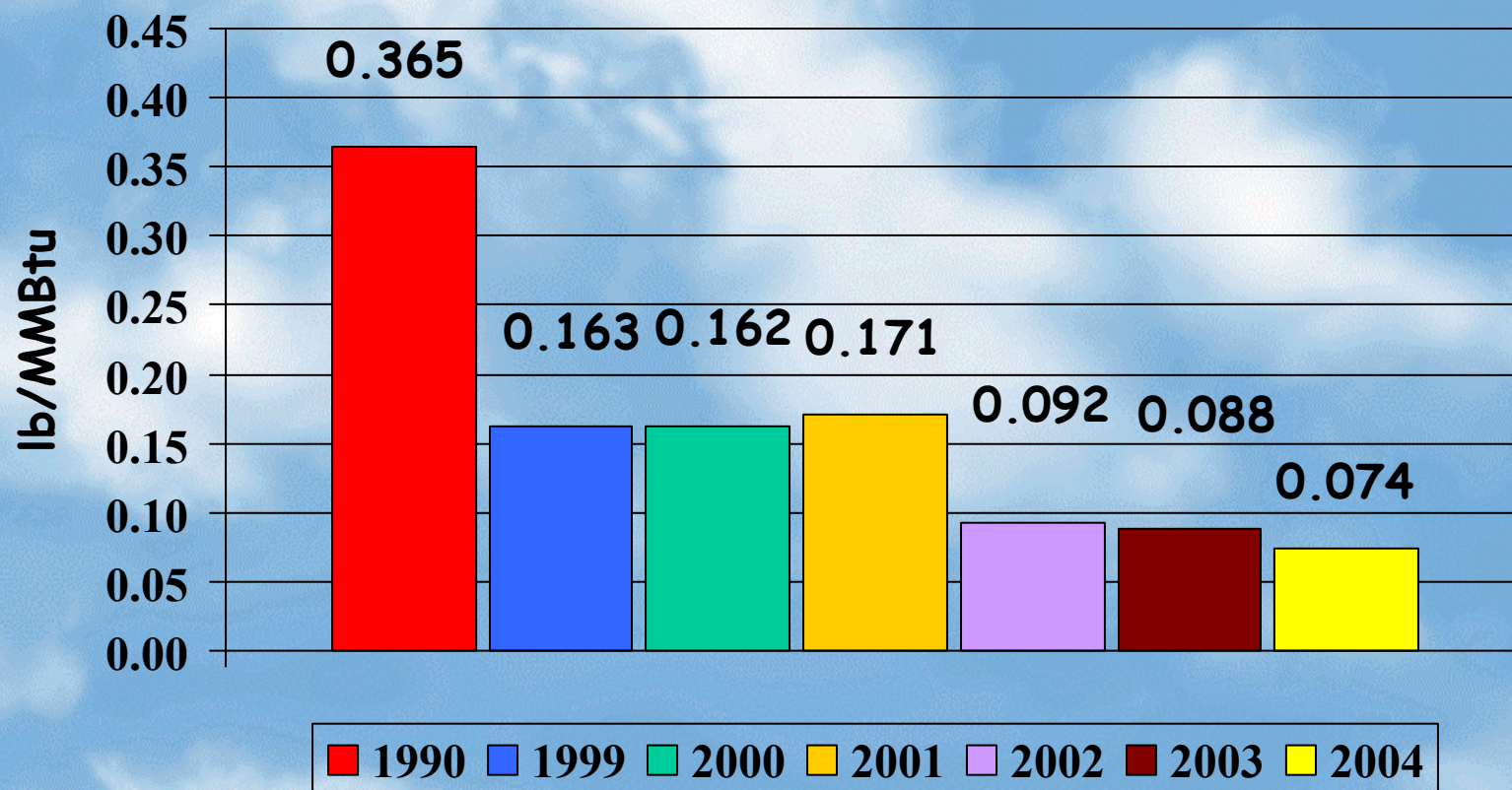
2004 NBP Highlights

- ¥ **In Connecticut**, ozone season NO_x emissions (**2,195 tons**) were below the NBP target (**4,466 tons**).
- ¥ Currently a total of **207,625** banked allowances.

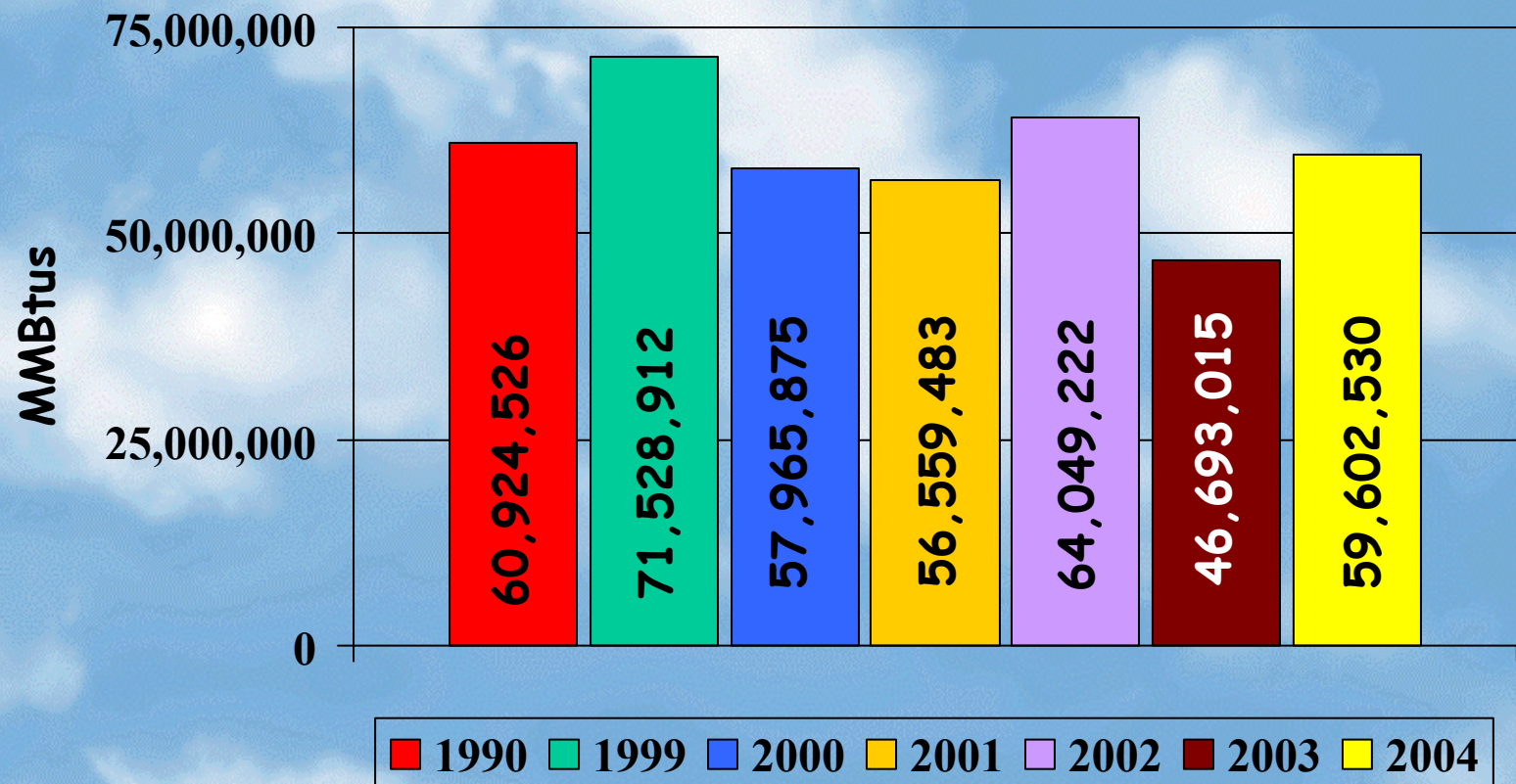
Ozone Season NO_x Emissions by NBP Sources in CT



Ozone Season Average NO_x Emission Rate of NBP Sources in CT



Ozone Season Heat Input by NBP Sources in CT



Progressive Flow Control

- ¥ If the total number of banked allowances is more than 10% of the current year SIP Call NO_x Budget, then a PFC ratio is calculated.
- ¥ This PFC ratio determines how many banked allowances can be used for reconciliation purposes at a 1:1 ratio before a discounted 2:1 ratio kicks in.

PFC - How is it calculated?

- ¥ **PFC ratio** = $(0.10 \times \text{total SIP Call NO}_x \text{ budget for the current season}) / \text{total number of banked allowances from previous year(s)}$
- ¥ **Year 2005 PFC ratio = 0.25**
 $= (0.10 \times 516,245) / 207,625$
- ¥ This means that the first **25%** of banked allowances in an account can be used for reconciliation at a 1:1 ratio for the 2005 ozone season.

NBP in 2005

- ¥ Initial round of allocations was completed in April 2005.
- ¥ **224** allowances (set aside for new units) will be allocated post-ozone season.
- ¥ 2004 was the last year in which “early reduction” allowances could be used. Unused early reduction allowances were retired from accounts in 2005.

REMINDER:

The Allowance Transfer
Deadline under 22b is now
November 30th

Potential NBP Revisions

- ¥ Need to evaluate the impact of the Clean Air Interstate Rule (CAIR) on CT. (Which sources are in? Adjusted budget size?)
- ¥ Contingent on CAIR analysis, DEP is still evaluating the creation of a 7-month non-ozone season cap-and-trade program (new 22c would replace current Section 22 non-ozone season requirements for NBP sources).